

Members

Rep. William Crawford, Chairperson
Rep. Charlie Brown
Rep. Susan Crosby
Rep. Mary Kay Budak
Rep. Gary Dillon
Rep. David Frizzell
Sen. Patricia Miller
Sen. Robert Meeks
Sen. Steve Johnson
Sen. Rose Antich
Sen. Vi Simpson
Sen. Samuel Smith



SELECT JOINT COMMISSION ON MEDICAID OVERSIGHT

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MEETING MINUTES¹

Meeting Date: August 12, 2002
Meeting Time: 11:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. William Crawford, Chairperson; Rep. Charlie Brown; Rep. Susan Crosby; Rep. Mary Kay Budak; Rep. David Frizzell; Sen. Patricia Miller; Sen. Robert Meeks; Sen. Steve Johnson; Sen. Rose Antich; Sen. Vi Simpson.

Members Absent: Rep. Gary Dillon; Sen. Samuel Smith.

Rep. William Crawford, Chair of the Commission, called the first meeting of the interim to order at 11:05 a.m. Members of the Commission and Commission staff were introduced. Rep. Crawford indicated to members that due to the size of the budget for the Commission, there would be a maximum of two or three meetings for the interim, depending upon member attendance.

Report from the Office of Medicaid Policy and Planning (OMPP)

Rep. Crawford stated that the impact of the Medicaid program on the state's budget is growing, and most states are experiencing similar problems. He indicated that the program has evolved into a major cost driver with the state share of expenditures in excess of \$1 billion annually. Rep. Crawford introduced Ms. Melanie Bella, Assistant Secretary of Family and Social Services for the Office of Medicaid Policy and Planning.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Ms. Melanie Bella - Office of Medicaid Policy and Planning

Ms. Bella provided the Commission an outline of her testimony (see Exhibit 1). Ms. Bella's testimony summarized OMPP's activity with respect to the Pharmacy Benefit Manager; the Disease/Case Management program; placing aged, blind, and disabled recipients into managed care; and a review of the administration's cost cutting actions, both past and anticipated.

Pharmacy Benefit Manager

Ms. Bella stated that the implementation of a Pharmacy Benefit Manager (PBM) program was a result of legislation passed by the General Assembly and that ACS State Healthcare had been selected as the vendor. Ms. Bella further described the various services to be provided by the PBM as that of supporting the Therapeutics Committee in the development of a Preferred Drug List, implementing a point-of-service system for the Hoosier Rx program, pharmacy claims processing, implementing a Therapeutic Consultation program, implementing a Therapeutic Academic Interchange program, and supporting prospective drug utilization review.

Ms. Bella provided additional details on the process of developing a Preferred Drug List. She described the Therapeutics Committee, a subcommittee of the of the Drug Utilization Review (DUR) Board, as consisting of seven members, five of whom are physicians in various specialties, and two are doctors of pharmacy. She added that the Therapeutics Committee provides recommendations for the Preferred Drug List to the full DUR Board for its approval. She added that the first class of drugs, non-sedating antihistamines, becomes effective August 21, 2002. Approval of the Therapeutics Committee recommendations occurs at a public meeting. (Any consideration of confidential pricing and rebate information by the DUR Board or Therapeutics Committee is considered in an executive session.) Five drug classes have been submitted to the DUR Board to date, of which four have been approved and more information was requested for a fifth class. Ms. Bella added that the DUR Board attempts to avoid going through the identical process that the Therapeutic Committee went through in establishing its recommendations.

Disease/Case Management Program

Ms. Bella explained that the disease management would cover four disease states: diabetes, asthma, HIV/AIDs, and congestive heart failure. There would be case management for those patients in these categories that account for the top 10% of expenditures. AmeriHealth, with expertise in case management, and Lifemasters, with expertise in disease management, have been selected as the vendors for this program. Patients to be excluded from this program include those recipients in risk-based managed care, institutions, nursing homes, or on Medicaid waivers. Ms. Bella indicated that research has suggested positive results for the patient's quality of care as a result of this type of program, however, the research is unclear with respect to any economic benefit.

Aged, Blind, and Disabled Recipients in Managed Care

Ms. Bella indicated that the program for placing aged, blind, and disabled recipients in managed care would be called *Medicaid Select* and is a result of the passage of SEA 228 (2002). The anticipated implementation date assuming federal approval is January 1, 2003, with implementation beginning in Marion County, with other geographic regions of the state phased in at a later time. She added that an advisory committee has been established, and focus groups will also be used.

Cost Containment Actions

Ms. Bella also described policy and rule changes for the purposes of Medicaid cost containment. Those implemented in FY 2002 include reimbursement changes affecting pharmacies, nursing homes, and hospitals. In addition, the assessments on ICFs/MR were increased, mandatory risk-based managed care was implemented for Marion and Allen counties, and certain eligibility loopholes were closed.

Policy and rule changes effective for FY 2003 include changes to the case-mix reimbursement system for nursing homes, changes to pharmacy reimbursement, changes to the reimbursement for Medicare cross-over claims, elimination of continuous eligibility, implementation of a restricted card for pharmacies and physicians, mandatory risk-based managed care for Elkhart and St. Joseph counties, and implementation of the Hoosier Rx point-of-service system.

Additional policy and rule changes expected for FY 2003 include Medicare certification for nursing homes, and an annual adult dental expenditure cap of \$600, mandatory risk-based managed care for Lake County, and the limitation of adult and children chiropractic services, as well as other changes.

Additional initiatives include the submission of the Pharmacy Plus Waiver, the implementation of the Medicaid Buy-In program, and the implementation of the Senior Security Plan (see Exhibit 2).

In response to a question about how the 90 cent increase in the pharmacy dispensing fee was determined, Ms. Bella indicated that it was a result of negotiation.

Ms. Bella also stated that recent federal guidelines regarding the problem of collecting Medicaid copayments indicate that pharmacists may apply the same policies for Medicaid recipients that are in place for all of the pharmacy's customers. The Commission requested additional information on how pharmacies are going to implement this provision and who is likely to be affected.

Responding to a question concerning Medicare cross-over claims and the relative levels of Medicare and Medicaid reimbursement, Ms. Bella stated that Medicaid rates are generally lower than Medicare rates, but it depends upon the provider group. Ms. Bella indicated that she would provide additional information on the rates and how different populations are affected. She added that changes are being made in the Medicare program at the same time as in the Medicaid program, and that it should not be the responsibility of the Medicaid program to subsidize Medicare.

Responding to a question about the point-of-service feature of the Hoosier Rx program, Ms. Bella stated that the administrative costs are part of the Pharmacy Benefit Manager contract and additional information on the costs of point-of-service will be provided.

In addition, the Committee requested additional information regarding the issue of Dr. John Beck in Gary, IN.

Responding to a question from the Commission, Ms. Bella indicated that the \$600 cap on adult dental services applied to both preventative and non-preventative care, but negotiations were still going on with the dental providers.

Responding to a question as to whether the chiropractic changes in the Medicaid program were an attempt to reduce program expenditures, Ms. Bella stated that the reason was also because

of medical policy and that the chiropractic reimbursement would be only for manipulations and x-rays.

Responding to a question as to how cases of using multiple providers would be monitored, Ms. Bella indicated that this is already part of the system, although she wasn't sure how often or how quickly data is updated in the system.

Responding to a question regarding how OMPP's fraud and abuse monitoring efforts would be coordinated with those of the Attorney General's office, Ms. Bella indicated that it was OMPP's intent to complement the AG's efforts. Sen. Meeks indicated that in his conversations with case workers at the local level, there is a belief that there is still significant instances of fraud.

In response to a question from the Commission regarding the costs of the Petricia Day case, Ms. Bella stated that the total exposure to the state was estimated to be about \$323M, but the actual cost is now expected to be significantly less at around \$50 M. This is due to the fact that there turned out to be only about 3,600 members joining this class.

In response to a question, Ms. Bella stated that she would provide the Commission with information regarding the Medicaid Rehab Option (MRO).

The Commission also requested additional information on the costs of program administration and the use and performance of outside consultants.

The Commission also requested additional information on historical Medicaid costs, as well as estimates of anticipated growth.

Sen. Miller stated that she would like for the Commission to look at the lien authority issue.

Public Comments

Mr. Lou Belch, representing the Indiana Chapter of the American College of Emergency Physicians, stated that his organization has a concern over the implementation of the changes involving the reimbursement for Medicare cross-over claims, specifically, that payments are made to providers with the expectation that some portion of the payments will be recouped by OMPP at a later time. He stated that the providers should not have to face recoupments.

Ms. Kim Williams, representing the Indiana Academy of Ophthalmologists, agreed and stated that although this aspect of the system has recently been put on hold, the payment of claims from July 1 to the present were made. Consequently, providers will face about six weeks worth of recoupments. The Commission suggested that the effective date of policy changes be consistent with the ability of the reimbursement system to accommodate those changes. The Commission also requested that representatives of EDS, the state's claims processing contractor, be present at future meetings.

Next Meeting Date

Rep. Crawford stated that the previously scheduled meeting of the Commission for August 26, 2002, was cancelled and that a new meeting date would be determined and announced at a later date. It was suggested that the next meeting be held on the same day as another committee, such as the Health Finance Commission or the Commission on Excellence in Health Care. Members are encouraged to provide the Chair with their opinions as to what issues should be considered by the Commission.

There being no further business to conduct, the meeting was adjourned at about 12:30 p.m.